

BEFORE THE DEPARTMENT OF PUBLIC SERVICE REGULATION
OF THE STATE OF MONTANA

In the matter of the adoption of New) NOTICE OF PUBLIC HEARING ON
Rule pertaining to Montana Energy) PROPOSED ADOPTION
Impact Assistance Financing)

TO: All Concerned Persons

1. On March 7, 2022, at 1:30 p.m., the Department of Public Service Regulation will hold a public hearing in the Bollinger Room, at 1701 Prospect Avenue, Helena, Montana, 59620-2601, to consider the proposed adoption of the above-stated rules.

2. The Department of Public Service Regulation will make reasonable accommodations for persons with disabilities who wish to participate in this rulemaking process or need an alternative accessible format of this notice. If you require an accommodation, please contact the Department of Public Service Regulation no later than 5:00 p.m. on March 2, 2022, to advise us of the nature of the accommodation that you need. Please contact Tarin Slayton at the department by telephone at (406) 444-6170, by TDD/Montana Relay Service at 444-4212, or by e-mail at tarin.slayton@mt.gov.

3. The rule as proposed to be adopted provides as follows:

NEW RULE I MONTANA ENERGY IMPACT ASSISTANCE FINANCING

(1) Guidelines. If an electric utility applies to the Commission to approve a financing order pursuant to the Montana Energy Impact Assistance Act, the electric utility's application to the Commission must describe how such financing satisfies or follows from a plan developed pursuant to Mont. Code Ann. § 69-3-1201 et seq. and any responsive Commission comments.

(2) Minimum Filing Requirements. An application for a Montana Energy Impact Assistance Act financing order must be consistent with the relevant statutory requirements in Mont. Code Ann. §§ 69-3-1601 through -1623 and include the following minimum filing requirements:

(a) testimony and workpapers providing an estimated schedule for the retirement or replacement of the electric infrastructure or facilities subject to the application;

(b) testimony and workpapers specifying the electric infrastructure or facilities to be retired or replaced, and the effects of the proposed financing on the retirement or replacement, including a description of the applicable electric infrastructure or facilities' contribution to the electric utility's rate base and the applicable reduction to rate base upon the inception of the collection of Montana energy impact assistance charges;

(c) testimony and workpapers describing the amount and terms of the proposed securitization, including the Montana energy impact assistance costs and financing costs associated with the retirement or replacement;

(d) testimony and workpapers describing the proposed methodology for allocating the revenue requirement for the Montana energy impact assistance charge among customer classes;

(e) testimony and workpapers describing the nonbypassable Montana energy impact assistance charge required to be paid by customers within the electric utility's service area for the recovery of the Montana energy impact assistance costs;

(f) testimony and workpapers estimating the net present value of electric utility customer savings expected to result if the financing order is issued using a net present value comparison between the costs to customers that are expected to result from the financing of the undepreciated balances of electric infrastructure or facilities with Montana energy impact assistance bonds and the costs that would result from the application of traditional electric utility financing mechanisms to the same undepreciated balances;

(g) testimony and workpapers demonstrating one or more alternative financing scenarios in addition to the preferred scenario contained in the application. The alternative scenarios shall include various bond lengths with sensitivity analyses of associated interest rates, and compare electric utility customer savings under each scenario;

(h) testimony and workpapers describing the proposed billing mechanism to collect the Montana energy impact assistance charges from the electric utility customers, including proposed tariff sheets;

(i) a copy of the proposed Montana energy impact assistance bonds;

(j) testimony and workpapers describing the proposed true up mechanism to adjust for any over/undercollections of Montana energy impact assistance charges;

(k) testimony and workpapers describing the proposed method to remove the applicable electric infrastructure or facilities from the electric utility's rate base upon the inception of the collection of Montana energy impact assistance charges; and

(l) if approval for the use of any remaining Montana energy impact assistance bond proceeds is not requested in the application, testimony providing a general description and timeframe of the electric utility's anticipated use of such proceeds in compliance with Mont. Code Ann. § 69-3-1623.

(3) Administrative Penalty. The Commission may assess a penalty for violations of Mont. Code Ann. § 69-3-1616. A penalty must be reasonable based on the facts and circumstances presented for each violation, including the amount in controversy, and be sufficient to deter future noncompliance. Penalty amounts must be determined after providing parties an opportunity to appear and be heard. Penalties must be in amounts authorized by Mont. Code Ann. § 69-3-206(1) and recovered from electric utilities under the procedure required by Mont. Code Ann. § 69-3-206(2).

AUTH: 69-3-1604, MCA

IMP: 69-3-1604, MCA

STATEMENT OF REASONABLE NECESSITY: The Commission proposes the rule to implement the Montana Energy Impact Assistance Act, which provides an alternative financing mechanism to address the retirement and replacement of electric infrastructure or facilities and to authorize the Montana Public Service Commission to review and approve one or more financing orders, if it deems approval appropriate and in the interest of ratepayers.

The Commission proposes (1) to align Montana Energy Impact Assistance Financing with least-cost planning requirements to ensure financing orders are consistent with just and reasonable rates and prudent utility resource planning decisions.

The Commission proposes (2) to align minimum filing requirements with those required by statute (Mont. Code Ann. §§ 69-3-1601 through -1623).

The Commission proposes (3) to establish general guidelines, penalty amounts, and a procedure for the Commission to determine and assess the administrative penalty provided in Mont. Code Ann. § 69-3-1604. This proposal refers to to Mont. Code Ann. § 69-3-206, which provides penalty amounts and provides a statutory procedure for recovering those penalties.

4. Concerned persons may submit their data, views, or arguments either orally or in writing at the hearing. Written data, views, or arguments may also be submitted to Tarin Slayton, Department of Public Service Regulation, 1701 Prospect Ave, Helena, Montana, 59620-2601; telephone (406) 444-6170; fax (406) 444-7618; TDD/Montana Relay Service 444-4212; or e-mail tarin.slayton@mt.gov, and must be received no later than 5:00 p.m., March 14, 2022.

5. The Montana Consumer Counsel, 111 North Last Chance Gulch, Suite 1B, Helena, MT 59620-1703, telephone (406) 444-2771, is available and may be contacted to represent consumer interests in this matter.

6. The Commission, a Commissioner, or a duly authorized presiding officer may conduct the hearing.

7. The Department maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by this agency. Persons who wish to have their name added to the list shall make a written request that includes the name, e-mail, and mailing address of the person to receive notices and specifies for which program the person wishes to receive notices. Notices will be sent by e-mail unless a mailing preference is noted in the request. Such written request may be mailed or delivered to the contact person in 4 above or may be made by completing a request form at any rules hearing held by the Department.

8. The bill sponsor contact requirements of 2-4-302, MCA, apply and have been fulfilled. The primary bill sponsor, Representative Denise Hayman, was contacted by the Department by e-mail and phone, and has provided comment on the proposed rulemaking.

9. With regard to the requirements of 2-4-111, MCA, the Department has determined that the adoption of the above-referenced rule will not significantly and directly impact small businesses.

/s/ Lucas Hamilton
Rule Reviewer

/s/ JAMES BROWN
Chairman
Montana Public Service Commission

Certified to the Secretary of State February 1, 2022.